

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 CAB-05 CIAE-00
DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 XMB-04 L-03
SS-15 NSC-05 /071 W
-----021857Z 094682 /50

R 021417Z MAY 77
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 2910
INFO AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
USDOC WASHDC
FAA WASHDC
FAA BRUSSELS

UNCLAS SECTION 1 OF 3 DAMASCUS 2783

STATE PASS EXIMBANK

COMMERCE FOR COHEN, HALE, MYERS

FAA FOR CARY AND CARMICHAEL

ROME FOR RCAA

E.O. 11652: N/A
TAGS: EAIR, ETRD, BEXP, SY
SUBJECT: SYRIANAIR LINES OF DEVELOPMENT

1. SUMMARY: RCAA DWOR AND EMBASSY ECON OFFICER
THEROS PAID SERIES CALLS SYRIANAIR (SYRIAN ARAB
AIRLINES) SENIOR STAFF APRIL 30 INCLUDING CHAIRMAN/
MANAGING DIRECTOR MOUNIR JEROUDI, TECHNICAL DIRECTOR
BADAWI, COMMERCIAL DIRECTOR RAMO, PLANNING
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DIRECTOR BALL, FINANCE DIRECTOR YOUSEF, AND
OPERATIONS DIRECTOR BOUZ. AIRLINE EXPANDING
RAPIDLY WITH NEW FLEET BOEING 747 SP'S AND ADVANCED
727-200'S, PERSONNEL ROSTER UP 66 PERCENT DURING
PAST FIFTEEN MONTHS, AND REVENUES AND TRAFFIC
INCREASING SHARPLY. AIRLINE'S PRIME PROBLEM IS
LOW UTILIZATION RATE ON 747 SP'S WHICH IMPINGES

ON FINANCIAL VIABILITY, CAUSING LOSS 5 MILLION SYRIAN POUNDS (\$1.25 MILLION U.S.) 1976. PLANNED INAGURATION DAMASCUS-NEW YORK WEEKLY NONSTOP SCHEDULED SERVICE JULY 14 WILL BOOST 747 SP UTILIZATION RATE SIGNIFICANTLY BUT NOT TO ECONOMICALLY VIABLE LEVEL UNTIL ADDITIONAL NEW 747 SP ROUTES TO PAKISTAN, INDIA, SOUTH AMERICA, AND FAR EAST CAN BE IMPLEMENTED. END SUMMARY.

2. NEW BOEING FLEET: AIRLINE ACCEPTED DELIVERY TWO 282-SEAT BOEING 747 SP'S (SPECIAL PERFORMANCE), POWERED BY PRATT & WHITNEY JT9D-7'S (45,000 LBS. THRUST) MAY, JULY 1976, AND THREE 151-SEAT BOEING ADVANCED 727-200 TRIJETS, POWERED BY PRATT & WHITNEY JT8D-17'S (16,000 LBS. THRUST DRY) MARCH, APRIL, MAY 1976. ALTHOUGH BOTH AIRCRAFT TYPES HAVE BEEN SUCCESSFUL INTEGRATED INTO FLEET, LACK OF SUITABLE LONG-RANGE ROUTES HAS SEVERELY CONSTRAINED ECONOMIC DEPLOYMENT SPECIALIZED LONG-RANGE 747 SP'S ON AIRLINE'S ROUTE NETWORK, WITH AVERAGE DAILY UTILIZATION OF SLIGHTLY LESS THAN THREE HOURS PER DAY PER AIRCRAFT (OPTIMUM DEPLOYMENT TARGET NINE HOURS FOR SYRIANAIR). HOWEVER, THREE ADVANCED 727-200'S HAVE BEEN DEPLOYED HIGHLY EFFECTIVELY WITH AVERAGE DAILY UTILIZATION PER AIRCRAFT (8.0 - 8.5 HOURS) ON MEDIUM-RANGE ROUTES, WITH HIGHLY FAVORABLE UNCLASSIFIED

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IMPACT ON AIRLINE'S TRAFFIC AND FINANCIAL VIABILITY - NEW SUMMER SCHEDULE EFFECTIVE MAY 1 BOOSTS PEAK SEASON AVERAGE DAILY UTILIZATION 747 SP TO 4.97 HOURS PER DAY PER AIRCRAFT (AN IMPROVEMENT BUT STILL UNDULY LOW) AND ADVANCED 727-200 TO 9.1 HOURS PER DAY PER AIRCRAFT (ONE OF WORLD'S HIGHEST FOR 727 OPERATORS). AIRLINE'S BOEING FLEET (VALUED AT \$120 MILLION INCLUDING SPARES) WAS DONATED BY RULER OF ABU DHABI AS BILATERAL GRANT TO SARG. NEVERTHELESS, AIRLINE DEPRECIATION 747 SP'S OVER 15 YEARS AT 15 PERCENT RESIDUAL (\$5.04 MILLION ANNUAL DEPRECIATION) AND ADVANCED 727-200'S OVER 12 YEARS AT 15 PERCENT RESIDUAL (\$2.2 MILLION ANNUAL DEPRECIATION). THE HIGH PRORATED DEPRECIATION EXPENSE INCURRED ON 747 SP'S DURING 1976, COUPLED WITH INORDINATELY LOW UTILIZATION APPEARS TO BE PRINCIPLE REASON FOR SYRIANAIR FINANCIAL LOSS 1976. (NOTE: THIS CAPITAL

LOSS THROUGH BOOKKEEPING, NOT CASH FLOW LOSS).
AIRLINE PRIME TARGET IS ROUTE EXPANSION TO BOOST 747 SP
UTILIZATION TO ECONOMICALLY VIABLE LEVELS.

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3. ROUTE EXPANSION PLANNING: EFFECTIVE MAY 1,
AIRLINE EXPANDING ROUTE NETWORK TO INCLUDE
ISTANBUL, BUCHAREST, AND (SUBJECT FORTH-
COMING BILATERAL DISCUSSIONS) MOGADISCIO.
AIRLINE ALSO PLANNING EXTENSION DAMASCUS-
ROME ROUTE ONCE - WEEKLY WESTWARD TO AND FROM
MADRID AND EXTENSION DAMASCUS-CAIRO ROUTE
ONCE-WEEKLY SOUTHWARD TO AND FROM KHARTOUM.
WITH REGARD DRIVE TO EXPAND BOEING 747 SP
ROUTES, AIRLINE INTRODUCING ONCE-WEEKLY DAMASCUS-
NEW YORK, ROUNDTRIP SCHEDULED SERVICE JULY 14
(SUBJECT TIMELY ISSUANCE CAB SECTION 402 PERMIT
SIGNED BY PRESIDENT CARTER), AND HOPES TO
NEGOTIATE SUBSTITUTION 747 SP IN PLACE ADVANCED
727-200'S ON TWICE-WEEKLY ROUNDTRIP
SCHEDULED SERVICES DAMASCUS-KARACHI, AND ONCE-
WEEKLY SCHEDULED SERVICE DAMASCUS-NEW DELHI.
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SUBSEQUENT TO SUCCESSFULLY DIGESTING NORTH ATLANTIC ROUTE, AIRLINE WILL STUDY, IN COORDINATION WITH ALIA FEASIBILITY, NEW 747 SP ROUTES BEYOND INDIA TO FAR EAST (TERMINAL TOKYO) AND WEST AFRICA/SOUTH AMERICA (LAGOS, RIO DE JANEIRO, BUENOS AIRES, SANTIAGO).

4. FLEET PLANNING: AIRLINE WOULD LIKE TO REPLACE PRESENT FOUR OBSOLESCEMENT 87-SEAT AEROSPATIALE CARAVELLE SUPER B'S WITH FIVE ADDITIONAL BOEING ADVANCED 727-200'S OR, POSSIBLY, FIVE TO SIX MCDONNELL DOUGLAS DC-9-50 OR BOEING ADVANCED 737-200 TWINJETS. HOWEVER, AIRLINE'S FLEET PLANNING SHARPLY CONSTRAINED BY FINANCIAL REALITIES. AIRLINE PROJECTIONS SHOW THREE BOEING 747 SP'S AND EIGHT ADVANCED 727-200 TRIJETS (OR TWINJET ALTERNATIVES) IN SERVICE BY YEAR END 1981.

5. FINANCIAL RESULTS 1973-1976:

REVENUE	EXPENSES	NET PROFIT (LOSS)
1973 50,103,921 S.P.	50,057,504 S.P.	46,416 S.P.
1974 102,299,763	109,298,551	(6,998,787)
1975 138,025,685	131,002,032	7,018,652
1976 164,662,820	169,665,713	(5,002,693)

AIRLINE USES CONVERSION RATE 4 S.P. TO \$1.00 U.S.)

6. TRAFFIC RESULTS 1971-1976:

NO. OF REVENUE PASSENGERS	PASSENGER LOAD FACTOR (PERCENT)
1973 171,764	51.7
1974 282,758	56.3

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QOUT EUPNEPP	TUME
QOUY RQQNPPP KESTIMATED)	58.6
1977 (PROJECTED) 600,000	59.7

7. MARKETING PLANNING: STRENGTH OF SYRIANAIR'S NEW U.S. ROUTE BASED HEAVILY ON CLOSE SYRIANAIR/ ALIA MARKETING COOPERATION AND TRAFFIC FEED TO AND FROM MIDDLE EAST HINTERLAND, PARTICULARLY

SAUDI ARABIA AND GULF. JOINT NEW SYRIANAIR/
ALIA SALES AND TICKET OFFICES WILL BE OPENED IN
NEW YORK (PROBABLY AT OLYMPIC/ONASSIS TOWER),
CHICAGO, LOS ANGELES, HOUSTON, WASHINGTON, AND
DETROIT.

8. CREW ROSTER:

FOUR-THREE-MEN 747 SP CREWS, BUILDING TO SIX BY
JUNE 1977; ELEVEN THREE-MAN ADVANCED 727-200 CREWS
BUILDING TO THIRTEEN BY AUGUST 1977; TEN THREE-MAN
CARAVELLE SUPER B CREWS, DECLINING TO EIGHT BY
AUGUST 1977

9. FLEET DEPLOYMENT SUMMER SCHEDULE MAY 1 - OCTOBER
31, 1977:

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A. BOEING 747 SP TWO AIRCRAFT (26 F.C. & 256 ECONOMY
282 SEATS)

DAMASCUS-NEW YORK ONE ROUNDTrip WEEKLY
DAMASCUS-LONDON TWO ROUNDTrips WEEKLY
DAMASCUS-PARIS-LONDON ONE ROUNDTrip WEEKLY

DAMASCUS-MUNICH-LONDON ONE ROUNDTRIP WEEKLY
DAMASCUS-CAIRO TWO ROUNDTRIPS WEEKLY

(AVERAGE DAILY UTILIZATION PER A/C 5.0 HOURS)

B. BOEING ADVANCED (8F.C. & 143 ECONOMY, 727-200 THREE
AIRCRAFT 151 SEATS)

DAMASCUS-ATHENS-BERLIN-COPENHAGEN TWO ROUNDTRIPS WEEKLY
DAMASCUS-ROME-PARIS TWO ROUNDTRIPS WEEKLY
DAMASCUS-MUNICH-PARIS ONE ROUNDTRIP WEEKLY
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DAMASCUS-ALEPPO-MUNICH ONE ROUNDTRIP WEEKLY
DAMASCUS-BAHRAIN-ABU DHABI ONE ROUNDTRIP WEEKLY
DAMASCUS-DOHA-DHAHRAN ONE ROUNDTRIP WEEKLY
DAMASCUS-DUBAI-RAS ALKHAYMAH ONE ROUNDTRIP WEEKLY
DAMASCUS-DHAHRAN-DUBAI-KARACHI ONE ROUNDTRIP WEEKLY
DAMASCUS-ABU DHABI-DUBAI-KARACHI ONE ROUNDTRIP WEEKLY
DAMASCUS-DUBAI-DELHI ONE ROUNDTRIP WEEKLY
DAMASCUS-ISTANBUL-MOSCOW ONE ROUNDTRIP WEEKLY
DAMASCUS-BENGHAZI ONE ROUNDTRIP WEEKLY
DAMASCUS-CAIRO-TRIPOLI TWO ROUNDTRIPS WEEKLY
DAMASCUS-TRIPOLI-TUNIS-ALGIERS-CASABLANCA ONE ROUNDTRIP WEEKLY
DAMASCUS-KUWAIT FOUR ROUNDTRIPS WEEKLY
DAMASCUS-JIDDA ONE ROUNDTRIP WEEKLY
DAMASCUS-JIDDA-SANAA ONE ROUNDTRIP WEEKLY
(SANAA-MOGADISCIO SUBJECT GOVT APPROVAL)
DAMASCUS-JIDDA ONE ROUNDTRIP WEEKLY
DAMASCUS-KUWAIT FOUR ROUNDTRIPS WEEKLY
(AVERAGE DAILY UTILIZATION PER A/C 9.1 HOURS)

C. AEROSPATIALE CARAVELLE SUPER B (8F.C. & 79 ECONOMY,
FOUR AIRCRAFT, 87 SEATS)

DAMASCUS-ROME ONE ROUNDTRIP WEEKLY
DAMASCUS-BAHRAIN-DHAHRAN ONE ROUNDTRIP WEEKLY
DAMASCUS-DOHA-DHAHRAN ONE ROUNDTRIP WEEKLY
DAMASCUS-ABU DHABI-SHARJAH ONE ROUNDTRIP WEEKLY
DAMASCUS-LARNACA TWO ROUNDTRIPS WEEKLY
DAMASCUS-ISTANBUL-BUCHAREST ONE ROUNDTRIP WEEKLY
DAMASCUS-SOFIA-BUCHAREST ONE ROUNDTRIP WEEKLY
DAMASCUS-ALEPPO-EREVAN ONE ROUNDTRIP WEEKLY
DAMASCUS-BUDAPEST-PRAGUE ONE ROUNDTRIP WEEKLY
DAMASCUS-CAIRO FOUR ROUNDTRIPS WEEKLY
DAMASCUS-ALEPPO-CAIRO TWO ROUNDTRIPS WEEKLY
DAMASCUS-BENGHAZI ONE ROUNDTRIP WEEKLY
DAMASCUS-BAGHDAD THREE ROUNDTRIPS WEEKLY
(SUSPENDED UNTIL FURTHER

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NOTICE)

DAMASCUS-TEHRAN	ONE ROUNDTRIP WEEKLY
DAMASCUS-AMMAN-AQABA	TWO ROUNDTRIPS WEEKLY
DAMASCUS-AMMAN	ONE ROUNDTRIP WEEKLY
DAMASCUS-DER EZZOR	FOUR ROUNDTRIPS WEEKLY
DAMASCUS-LATTAKIA	TWO ROUNDTRIPS WEEKLY

(AVERAGE DAILY UTILIZATION PER A/C 4.7 HOURS)

MURPHY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, TRADE PROMOTION, AIRLINES, AIR ROUTES
Control Number: n/a
Copy: SINGLE
Sent Date: 02-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977DAMASC02783
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770153-0559
Format: TEL
From: DAMASCUS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197705105/aaaadmjq.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3148e287-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
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Review Withdrawn Fields: n/a
SAS ID: 2334560
Secure: OPEN
Status: NATIVE
Subject: SYRIANAIR LINES OF DEVELOPMENT
TAGS: EAIR, ETRD, BEXP, SY, SYRIANAIR
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3148e287-c288-dd11-92da-001cc4696bcc
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